

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Casnovia Township	County Muskegon
Fiscal Year End 3/31/2006	Opinion Date 10/09/2006	Date Audit Report Submitted to State November 20, 2006	

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☐ ☒ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.		Telephone Number 231-775-9789	
Street Address 134 West Harris Street		City Cadillac	State MI
		Zip 49601	
Authorizing CPA Signature 		Printed Name Steven C. Arends, C.P.A.	License Number 1101013211

CASNOVIA TOWNSHIP, MUSKEGON COUNTY

CASNOVIA, MICHIGAN

MARCH 31, 2006

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

MARCH 31, 2006

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CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

MARCH 31, 2006

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

October 9, 2006

INDEPENDENT AUDITORS' REPORT

To the Township Board
Casnovia Township
Muskegon County
Casnovia, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Casnovia Township, Muskegon County, Casnovia, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Casnovia Township, Muskegon County, Casnovia, Michigan as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through ix and budgetary comparison information on pages 22 and 23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Casnovia Township, Muskegon County, Casnovia, Michigan's basic financial statements. The individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2006

Casnovia Township, a general law township located in Muskegon County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Casnovia Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2006, along with specific comparative information as required.

Financial Highlights

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$602,177. Of this amount, \$189,231 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$383,250, an increase of \$16,515 in comparison with the prior year. About 49% is available for spending at the Township's discretion.
- ◆ The Township is not obligated under any long-term debt as of March 31, 2006.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements This report includes government-wide financial statements as required by GASB Statement Number 34. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2006

Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township does not maintain any proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township’s financial position over time. The Net Assets of the Township are \$602,177 at March 31, 2006, meaning the Township’s assets were greater than its liabilities by this amount. As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. A comparison with the previous fiscal year is presented in order to show the change in Net Assets over the previous fiscal year.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2006

Casnovia Township
Net Assets as of March 31,

	<u>2006</u>	<u>2005</u>
Assets		
Current Assets	\$ 389,170	\$ 405,024
Non Current Assets		
Capital Assets	\$ 850,037	\$ 836,332
Less: Accumulated Depreciation	(631,263)	(596,336)
 Total Non Current Assets	 \$ 218,774	 \$ 239,996
 Total Assets	 <u><u>\$ 607,944</u></u>	 <u><u>\$ 645,020</u></u>
 Liabilities		
Current Liabilities	\$ 5,767	\$ 37,791
 Net Assets		
Invested in Capital Assets	\$ 218,774	\$ 239,996
Restricted for Specific Purposes	194,172	171,299
Unrestricted	189,231	195,934
 Total Net Assets	 <u><u>\$ 602,177</u></u>	 <u><u>\$ 607,229</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 607,944</u></u>	 <u><u>\$ 645,020</u></u>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others) less any related debt that is outstanding that the Township used to acquire the asset. The Township has \$189,231 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The total net assets of the Township decreased by \$5,052 or 0.1% in this fiscal year, which is an indicator that the Township experienced negative financial growth during the year. As a result, the Township ended the fiscal year in worse condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2006

Casnovia Township
Change in Net Assets
for the Fiscal Year Ended March 31,

	<u>2006</u>	<u>2005</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 38,302	\$ 44,045
Operating Grant and Contributions	3,271	0
Capital Grants and Contributions	107,929	2,230
General Revenues		
Property Taxes	143,449	137,178
State Shared Revenue	188,102	181,633
Unrestricted Investment Earnings	3,516	1,939
Other	12,018	6,702
Total Revenues	<u>\$ 496,587</u>	<u>\$ 373,727</u>
<u>Expenses</u>		
Legislative	\$ 25,804	\$ 27,209
General Government	94,532	93,131
Public Safety	204,724	86,220
Public Works	91,550	59,271
Community and Economic Development	18,617	9,612
Recreational and Cultural	1,503	684
Other Functions	29,982	28,020
Unallocated Depreciation	34,927	33,249
Total Expenses	<u>\$ 501,639</u>	<u>\$ 337,396</u>
Changes in Net Assets	\$ (5,052)	\$ 36,331
<u>NET ASSETS</u> - Beginning of Year	<u>607,229</u>	<u>570,898</u>
<u>NET ASSETS</u> - End of Year	<u>\$ 602,177</u>	<u>\$ 607,229</u>

Governmental Activities

During the fiscal year ended March 31, 2006, the Township's net assets decreased by \$5,052 or 0.1% in the governmental funds. The majority of this decrease represents the degree to which increases in ongoing revenues have not outstripped similar increases in ongoing expenses. This is partially due to the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2006

The most significant part of the revenue for all governmental activities of Casnovia Township comes from property taxes. The Township levied 1.0729 mills in property tax for operating purposes.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation. In 2006, the amount of state shared revenue received by the Township trended upward.

The Township's governmental activities expenses are dominated by Public Safety expenses that total 41% of total expenses. The Township spent \$204,724 in fiscal year 2006 on Public Safety expenses. General Administrative represented the next largest expense at \$94,532, or 19% of total expenses. Expenses for salaries and contracted services represent a large portion of the General Administrative expenses at \$107,195. Depreciation expense added another \$34,927.

Business-Type Activities

The Township does not maintain any Business-Type Activities.

Financial Analysis of the Government's Funds

Governmental Funds – The focus of Casnovia Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Casnovia Township's governmental funds reported combined ending fund balances of \$383,250. Approximately 49% of this total amount (\$189,078) constitutes unreserved fund balance. The remainder of the fund balance is reserved or designated for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures that relate to fire protection.

General Fund – The General Fund decreased its fund balance by \$5,588 which brings the fund balance to \$92,988. The General Fund's fund balance is unreserved. Property tax revenues increased by 5% or \$3,140. State shared revenues increased by \$9,775 from the prior year. This represents a 5% increase.

Fire Equipment Fund – The Fire Equipment Fund increased its fund balance by \$30,646 which brings the fund balance to \$193,006. This balance is reserved and must be used for fire equipment.

The Township levied a fire millage on the 2005 tax roll. This resulted in \$56,952 in tax related revenues during the current fiscal year.

Fire Building Fund – The Fire Building Fund increased its fund balance by \$1,937 which brings the fund balance to \$12,370. This increase was partially due to the general fund transferring in \$482.

Public Improvement Fund – The Public Improvement Fund decreased its fund balance by \$2,707 which brings the fund balance to \$83,720. Interest earnings of \$2,293 were the only revenues.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Building Department Fund – The Building Department Fund decreased its fund balance by \$7,773 which brings the fund balance to \$1,166. This balance is reserved and must be used for building inspections. Charges for permits amounted to \$18,896.

Proprietary Fund The Township does not maintain any proprietary funds.

Capital Assets and Debt Administration

Capital Assets. The Township's investment in capital assets for governmental activities as of March 31, 2006 amounted to \$218,774 net of accumulated depreciation. The total net decrease in the Township's investment in capital assets for the current fiscal year was 9%.

Capital assets summarized below include any items purchased with a cost greater than \$500 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

*Casnovia Township
Capital Assets as of March 31,*

	<u>2006</u>	<u>2005</u>
Land and Land Improvements	\$ 3,505	\$ 3,505
Buildings	114,296	114,296
Equipment, Furniture and Fixtures	732,236	718,531
	<u>\$ 850,037</u>	<u>\$ 836,332</u>
Less Accumulated depreciation	631,263	596,336
Net Capital Assets	<u><u>\$ 218,774</u></u>	<u><u>\$ 239,996</u></u>

Major capital asset events during the current fiscal year included the following:

- Bought various fire equipment using FEMA grant money.

Long-Term Debt. Casnovia Township has no obligation for any long-term debt as of March 31, 2006.

Economic Condition and Outlook

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential further reductions in state-shared revenues. A fire millage was once again levied for the 2006 tax roll.

These factors were considered in preparing the Township's budgets for the 2006-07 fiscal year.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2006

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Casnovia Township at 245 Canada Road, Casnovia, Michigan 49318.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

STATEMENT OF NET ASSETS
MARCH 31, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 332,614
Receivables	
Taxes	13,905
External Party (Fiduciary Fund)	1,025
Due from Other Governments	<u>41,626</u>
Total Current Assets	<u>\$ 389,170</u>
<u>CAPITAL ASSETS</u>	
Land	\$ 3,005
Land Improvements	500
Buildings	114,296
Equipment, Furniture and Vehicles	<u>732,236</u>
	\$ 850,037
Less Accumulated Depreciation	<u>631,263</u>
Net Capital Assets	<u>\$ 218,774</u>
 TOTAL ASSETS	 <u>\$ 607,944</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 3,130
Payroll Taxes and Withholdings	<u>2,637</u>
Total Current Liabilities	<u>\$ 5,767</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets	\$ 218,774
Restricted for Fire Equipment	193,006
Restricted for Building Inspections	1,166
Unrestricted	<u>189,231</u>
TOTAL NET ASSETS	<u><u>\$ 602,177</u></u>

The accompanying notes are an integral part of the financial statements.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND
					CHANGE IN NET ASSETS
TOTAL GOVERNMENTAL ACTIVITIES					
<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>					
Legislative	\$ 25,804	\$ 0	\$ 0	\$ 0	\$ (25,804)
General Government	94,532	38,302	3,271	0	(52,959)
Public Safety	204,724	0	0	107,929	(96,795)
Public Works	91,550	0	0	0	(91,550)
Community and Economic Development	18,617	0	0	0	(18,617)
Recreation and Cultural	1,503	0	0	0	(1,503)
Other Functions	29,982	0	0	0	(29,982)
Unallocated Depreciation	34,927	0	0	0	(34,927)
Total Governmental Activities	\$ 501,639	\$ 38,302	\$ 3,271	\$ 107,929	\$ (352,137)
<u>GENERAL REVENUES</u>					
Taxes					\$ 143,449
State Shared Revenue					188,102
Unrestricted Investment Earnings					3,516
Other					12,018
Total General Revenues					\$ 347,085
Change in Net Assets					\$ (5,052)
<u>NET ASSETS</u> - Beginning of Year					607,229
<u>NET ASSETS</u> - End of Year					\$ 602,177

The accompanying notes are an integral part of the financial statements.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY

CASNOVIA, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

MARCH 31, 2006

	GENERAL FUND	FIRE EQUIPMENT FUND	FIRE BUILDING FUND
<u>ASSETS</u>			
Cash	\$ 46,303	\$ 188,576	\$ 12,370
Taxes Receivable	13,905	0	0
Due from Other Governments	41,626	0	0
Due from Other Funds	1,025	4,430	0
Total Assets	<u>\$ 102,859</u>	<u>\$ 193,006</u>	<u>\$ 12,370</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 2,612	\$ 0	\$ 0
Payroll Taxes and Withholdings	2,637	0	0
Deferred Revenue	153	0	0
Due to Other Funds	4,469	0	0
Total Liabilities	<u>\$ 9,871</u>	<u>\$ 0</u>	<u>\$ 0</u>

FUND BALANCE

Reserved for:			
Fire Equipment	\$ 0	\$ 193,006	\$ 0
Building Inspections	0	0	0
Unreserved			
Designated for:			
Fire Buildings	0	0	12,370
Public Improvement	0	0	0
Undesignated	92,988	0	0
Total Fund Balance	<u>\$ 92,988</u>	<u>\$ 193,006</u>	<u>\$ 12,370</u>

TOTAL LIABILITIES AND
FUND BALANCE

\$ 102,859	\$ 193,006	\$ 12,370
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The accompanying notes are an integral part of the financial statements.

PUBLIC IMPROVEMENT FUND	BUILDING DEPARTMENT FUND	TOTALS
\$ 83,720	\$ 1,645	\$ 332,614
0	0	13,905
0	0	41,626
0	39	5,494
<u>\$ 83,720</u>	<u>\$ 1,684</u>	<u>\$ 393,639</u>

\$ 0	\$ 518	\$ 3,130
0	0	2,637
0	0	153
0	0	4,469
<u>\$ 0</u>	<u>\$ 518</u>	<u>\$ 10,389</u>

\$ 0	\$ 0	193,006
0	1,166	1,166
0	0	12,370
83,720	0	83,720
0	0	92,988
<u>\$ 83,720</u>	<u>\$ 1,166</u>	<u>\$ 383,250</u>

<u>\$ 83,720</u>	<u>\$ 1,684</u>	<u>\$ 393,639</u>
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The accompanying notes are an integral part of the financial statements.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
MARCH 31, 2006

Total Fund Balance for Governmental Funds	\$ 383,250
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Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land	\$ 3,005	
Land Improvements	500	
Buildings	114,296	
Equipment, Furniture and Vehicles	732,236	
Accumulated Depreciation	<u>(631,263)</u>	218,774

Other long-term assets are not available to pay for current period
expenditures and therefore are not reported in the funds

Deferred Revenue - Personal Property Taxes Receivable	<u>153</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 602,177</u></u>
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The accompanying notes are an integral part of the financial statements.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY

CASNOVIA, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2006

	GENERAL FUND	FIRE EQUIPMENT FUND	FIRE BUILDING FUND
<u>REVENUES</u>			
Taxes	\$ 86,842	\$ 56,952	\$ 0
State Grants	191,373	0	0
Federal Grants	107,929	0	0
Charges for Services	18,008	0	1,398
Interest and Rents	324	813	57
Other Revenues	12,018	0	0
Total Revenues	\$ 416,494	\$ 57,765	\$ 1,455
<u>EXPENDITURES</u>			
Legislative	\$ 25,804	\$ 0	\$ 0
General Government	94,532	0	0
Public Safety	169,511	22,220	0
Public Works	91,550	0	0
Community and Economic Development	18,617	0	0
Recreation and Cultural	1,503	0	0
Other Functions	29,982	0	0
Total Expenditures	\$ 431,499	\$ 22,220	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (15,005)	\$ 35,545	\$ 1,455
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 9,899	\$ 0	\$ 482
Transfers Out	(482)	(4,899)	0
Total Other Financing Sources (Uses)	\$ 9,417	\$ (4,899)	\$ 482
Net Change in Fund Balance	\$ (5,588)	\$ 30,646	\$ 1,937
<u>FUND BALANCE</u> - Beginning of Year	98,576	162,360	10,433
<u>FUND BALANCE</u> - End of Year	\$ 92,988	\$ 193,006	\$ 12,370

The accompanying notes are an integral part of the financial statements.

PUBLIC IMPROVEMENT FUND	BUILDING DEPARTMENT FUND	TOTALS
\$ 0	\$ 0	\$ 143,794
0	0	191,373
0	0	107,929
0	18,896	38,302
2,293	29	3,516
0	0	12,018
\$ 2,293	\$ 18,925	\$ 496,932
\$ 0	\$ 0	\$ 25,804
0	0	94,532
0	26,698	218,429
0	0	91,550
0	0	18,617
0	0	1,503
0	0	29,982
\$ 0	\$ 26,698	\$ 480,417
\$ 2,293	\$ (7,773)	\$ 16,515
\$ 0	\$ 0	\$ 10,381
(5,000)	0	(10,381)
\$ (5,000)	\$ 0	\$ 0
\$ (2,707)	\$ (7,773)	\$ 16,515
86,427	8,939	366,735
\$ 83,720	\$ 1,166	\$ 383,250

The accompanying notes are an integral part of the financial statements.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2006

Net change in Fund Balance - Total Governmental Funds	\$ 16,515
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(34,927)
Capital Outlay	13,705
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds	
Deferred Revenue - Beginning of Year	(498)
Deferred Revenue - End of Year	<u>153</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (5,052)</u></u>

The accompanying notes are an integral part of the financial statements.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
MARCH 31, 2006

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ <u>1,025</u>
<u>LIABILITIES</u>	
Due to General Fund	\$ <u>1,025</u>

The accompanying notes are an integral part of the financial statements.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Casnovia Township is a general law township located in Muskegon County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and Fund Financial Statements

The Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Casnovia Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Equipment Fund* accounts for revenue sources that are legally restricted to expenditure for fire equipment.

The *Fire Building Fund* accounts for revenue sources that are designated for expenditures for fire building.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

The *Public Improvement Fund* accounts for revenue sources that are designated for expenditures for public improvements.

The *Building Department Fund* accounts for revenue sources that are legally restricted to expenditure for building construction code enforcement activities.

Additionally Casnovia Township reports the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

- I. The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from date of acquisition.

In accordance with Public Act 20 of the Public Acts of 1943, as amended, the investment policy adopted by the Township allows the surplus funds of Casnovia Township to be invested as follows:

- a) Bonds, securities, and other obligations of the United States with full faith and credit of the United States Government.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

- c) Commercial paper rated at the time of purchase within the highest classification established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d) Bankers' acceptances of United States banks.
- e) Mutual funds registered under the investment company act of 1940, maintain a \$1.00 per share net asset value.
- f) Investment pools organized under the Surplus Funds Investment Pool Act, 1985 PA 367, 129.111 to 129.118.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and one-third of county taxes are levied and due July 1, and become delinquent after September 14. The remaining millages are levied and due December 1, and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2005 taxable valuation of Casnovia Township totaled \$59,486,065, on which ad valorem taxes levied consisted of 1.0729 mills for Casnovia Township operating purposes and 0.9574 mills for Casnovia Township fire equipment. These levies raised approximately \$63,823 for operating purposes and \$56,952 for future fire equipment purchases.

3. *Inventories and Prepaid Items*

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Building improvements	20
Land improvements	20
Public domain infrastructure	50
Vehicles	10
Equipment	5-10

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The Township currently has no long-term obligations.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified accrual basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts are as originally adopted on March 30, 2005 or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. Funds with expenditures in excess of appropriations were as follows:

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>
General Fund			
Community and Economic Development	\$ 1,900	\$	18,617
Fire Equipment Fund			
Public Safety	\$ 15,000	\$	22,220

These overages were funded by greater than anticipated revenues and available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Township's deposits are all on deposit with Valley Ridge Bank, in Kent City, Michigan.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

Investment rate risk. The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

Foreign currency risk. The Township is not authorized to invest in investments, which have this type of risk.

Credit risk. The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

Concentration of credit risk. The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2006, of the government's bank balance of \$349,322, \$88,576 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end, the Township held no investments.

B. Receivables

Receivables as of year end for the government's individual major funds are as follows:

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

	<u>General</u>
Receivables	
Taxes	\$ 13,905
Due from Other Governments	<u>41,626</u>
	<u>\$ 55,531</u>

The allowance for doubtful accounts is not considered to be material for disclosure. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year the various components of deferred revenue and unearned revenue reported in the governmental fund were as follows:

	<u>DEFERRED</u> <u>REVENUE</u>
	<u>Unavailable</u>
Delinquent property taxes receivable (General Fund)	\$ 153

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 3,005	\$ 0	\$ 0	\$ 3,005
Capital assets, being depreciated				
Buildings	\$ 114,296	\$ 0	\$ 0	\$ 114,296
Land improvements	500	0	0	500
Machinery and equipment	718,531	13,705	0	732,236
Total capital assets, being depreciated	\$ 833,327	\$ 13,705	\$ 0	\$ 847,032
Less accumulated depreciation for:				
Buildings	\$ 22,742	\$ 2,479	\$ 0	\$ 25,221
Land improvements	262	25	0	287
Machinery and equipment	573,332	32,423	0	605,755
Total accumulated depreciation	\$ 596,336	\$ 34,927	\$ 0	\$ 631,263
Total capital assets, being depreciated, net	\$ 236,991	\$ (21,222)	\$ 0	\$ 215,769
Governmental activities capital assets, net	\$ 239,996	\$ (21,222)	\$ 0	\$ 218,774
Governmental activities:				
Unallocated depreciation				<u>\$ 34,927</u>

Construction Commitments:

The government has no outstanding construction commitments as of March 31, 2006.

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at March 31, 2006, were:

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 1,025	\$ 4,469
Special Revenue Funds		
Fire Equipment	4,430	0
Building Department	39	0
Fiduciary Funds		
Current Tax Collection Fund	0	1,025
	<u>\$ 5,494</u>	<u>\$ 5,494</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

Interfund Transfers as of March 31, 2006:

	<u>TRANSFERS IN</u>	<u>OUT</u>
<u>Primary Government</u>		
General Fund	\$ 9,899	\$ 482
Fire Equipment	0	4,899
Fire Building	482	0
Public Improvement	0	5,000
	<u>\$ 10,381</u>	<u>\$ 10,381</u>

Transfers are used (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Long-Term Debt

At March 31, 2006, the Township was not obligated for any long-term debt.

F. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances/retained earnings in various funds. In addition, certain

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

portions of unreserved fund balances/retained earnings have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

NET ASSETS

Restricted

Special Revenue Funds

Fire Equipment Fund

Equipment

\$193,006

Building Department Fund

Building Inspection

1,166

\$194,172

FUND BALANCE

Reserved

Special Revenue Funds

Fire Equipment Fund

Equipment

\$193,006

Building Department Fund

Building Inspection

1,166

Designated

Fire Building Fund

Designated for Fire Buildings

12,370

Public Improvement Fund

Designated for Public Improvements

83,720

TOTAL FUND BALANCE RESERVES AND DESIGNATIONS

\$290,262

IV. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

B. Retirement Plan

The Township has a defined contribution pension plan with Manufacturers Life Insurance Company which covers Township officers which elect to be covered. Township contributions to the plan for 2005-2006, amounted to \$15,600. In addition, the Township paid account fees and charges of \$1,188. For the 2005-2006 year, total covered payroll amounted to \$59,000 and total wages including non-covered was \$105,695.

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2006

	<u>GENERAL FUND</u>			<u>FIRE EQUIPMENT FUND</u>			<u>FIRE BUILDING FUND</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>									
Taxes	\$ 84,500	\$ 84,500	\$ 86,842	\$ 56,000	\$ 56,000	\$ 56,952	\$ 0	\$ 0	\$ 0
State Grants	175,500	200,500	191,373	0	0	0	0	0	0
Federal Grants	0	108,000	107,929	0	0	0	0	0	0
Charges for Services	16,600	16,600	18,008	0	0	0	1,000	1,000	1,398
Interest and Rents	3,500	3,500	324	500	500	813	50	50	57
Other Revenues	8,500	8,500	12,018	0	0	0	0	0	0
Total Revenues	\$ 288,600	\$ 421,600	\$416,494	\$ 56,500	\$ 56,500	\$ 57,765	\$ 1,050	\$ 1,050	\$ 1,455
<u>EXPENDITURES</u>									
Legislative	\$ 24,100	\$ 26,100	\$ 25,804	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Government	99,000	99,600	94,532	0	0	0	0	0	0
Public Safety	72,550	228,550	169,511	15,000	15,000	22,220	0	0	0
Public Works	152,628	148,628	91,550	0	0	0	0	0	0
Community and Economic Development	1,800	1,900	18,617	0	0	0	0	0	0
Recreation and Cultural	1,500	1,550	1,503	0	0	0	0	0	0
Other Functions	30,500	30,500	29,982	0	0	0	0	0	0
Contingency	10,000	10,000	0	0	0	0	0	0	0
Total Expenditures	\$ 392,078	\$ 546,828	\$431,499	\$ 15,000	\$ 15,000	\$ 22,220	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (103,478)	\$ (125,228)	\$ (15,005)	\$ 41,500	\$ 41,500	\$ 35,545	\$ 1,050	\$ 1,050	\$ 1,455
<u>OTHER FINANCING SOURCES (USES)</u>									
Transfers In	\$ 0	\$ 0	\$ 9,899	\$ 0	\$ 0	\$ 0	\$ 482	\$ 482	\$ 482
Transfers Out	(482)	(482)	(482)	0	0	(4,899)	0	0	0
Total Other Financing Sources (Uses)	\$ (482)	\$ (482)	\$ 9,417	\$ 0	\$ 0	\$ (4,899)	\$ 482	\$ 482	\$ 482
Net Change in Fund Balance	\$ (103,960)	\$ (125,710)	\$ (5,588)	\$ 41,500	\$ 41,500	\$ 30,646	\$ 1,532	\$ 1,532	\$ 1,937
<u>FUND BALANCE</u> - Beginning of Year	(17,700)	(17,700)	98,576	153,143	153,143	162,360	11,427	11,427	10,433
<u>FUND BALANCE</u> - End of Year	\$ (121,660)	\$ (143,410)	\$ 92,988	\$ 194,643	\$ 194,643	\$ 193,006	\$ 12,959	\$ 12,959	\$ 12,370

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2006

	<u>PUBLIC IMPROVEMENT FUND</u>			<u>BUILDING DEPARTMENT FUND</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>						
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Grants	0	0	0	0	0	0
Federal Grants	0	0	0	0	0	0
Charges for Services	0	0	0	31,000	31,000	18,896
Interest and Rents	1,000	1,000	2,293	100	100	29
Other Revenues	0	0	0	0	0	0
Total Revenues	\$ 1,000	\$ 1,000	\$ 2,293	\$ 31,100	\$ 31,100	\$ 18,925
<u>EXPENDITURES</u>						
Legislative	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Government	0	0	0	0	0	0
Public Safety	0	0	0	31,900	31,900	26,698
Public Works	0	0	0	0	0	0
Community and Economic Development	0	0	0	0	0	0
Recreation and Cultural	0	0	0	0	0	0
Other Functions	0	0	0	0	0	0
Contingency	0	0	0	0	0	0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 31,900	\$ 31,900	\$ 26,698
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,000	\$ 1,000	\$ 2,293	\$ (800)	\$ (800)	\$ (7,773)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	\$ 10,000	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	(10,000)	(10,000)	(5,000)	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (5,000)	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 1,000	\$ 1,000	\$ (2,707)	\$ (800)	\$ (800)	\$ (7,773)
<u>FUND BALANCE</u> - Beginning of Year	87,041	87,041	86,427	0	0	8,939
<u>FUND BALANCE</u> - End of Year	\$ 88,041	\$ 88,041	\$ 83,720	\$ (800)	\$ (800)	\$ 1,166

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

GENERAL FUND

BALANCE SHEET
MARCH 31, 2006

ASSETS

Cash	\$ 46,303
Taxes Receivable	13,905
Due from Other Funds	1,025
Due from Other Governments	<u>41,626</u>
 TOTAL ASSETS	 <u><u>\$ 102,859</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 2,612
Payroll Liabilities	2,637
Deferred Revenue	153
Due to Other Funds	<u>4,469</u>
 Total Liabilities	 \$ 9,871

FUND BALANCE

Unreserved	<u>92,988</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 102,859</u></u>

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2006

	BUDGET	ACTUAL
<u>REVENUES</u>		
Taxes	\$ 84,500	\$ 86,842
State Grants	200,500	191,373
Federal Grants	108,000	107,929
Charges for Services	16,600	18,008
Interest and Rents	3,500	324
Other Revenues	8,500	12,018
Total Revenues	\$ 421,600	\$ 416,494
<u>EXPENDITURES</u>		
Legislative		
Township Board	\$ 26,100	\$ 25,804
General Government		
Supervisor	10,550	10,050
Election	3,300	1,862
Assessor	16,900	16,587
Clerk	18,000	17,424
Board of Review	2,100	2,030
Treasurer	14,450	13,901
Building and Grounds	9,500	7,430
Cemetery	24,800	25,248
Public Safety	228,550	169,511
Public Works	148,628	91,550
Community and Economic Development	1,900	18,617
Recreation	1,550	1,503
Other Functions	30,500	29,982
Contingency	10,000	0
Total Expenditures	\$ 546,828	\$ 431,499
Excess (Deficiency) of Revenues Over Expenditures	\$ (125,228)	\$ (15,005)

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	\$ 0	\$ 9,899
Transfers Out	(482)	(482)
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ (482)	\$ 9,417
	<hr/>	<hr/>
Net Change in Fund Balance	\$ (125,710)	\$ (5,588)
	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	(17,700)	98,576
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ (143,410)	\$ 92,988
	<hr/>	<hr/>

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

FIRE EQUIPMENT FUND

BALANCE SHEET
MARCH 31, 2006

ASSETS

Cash	\$ 188,576
Due from Other Funds	<u>4,430</u>
 TOTAL ASSETS	 <u><u>\$ 193,006</u></u>

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
 <u>FUND BALANCE</u>	
Reserved for Fire Equipment	<u>193,006</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 193,006</u></u>

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

FIRE EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Taxes		
Current Property Taxes	\$ 50,000	\$ 56,952
Delinquent Property Taxes	6,000	0
Interest and Rents		
Interest Earnings	500	813
	<hr/>	<hr/>
Total Revenues	\$ 56,500	\$ 57,765
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Public Safety		
Fire Equipment		
Repairs	\$ 0	\$ 22,220
Capital Outlay	15,000	0
	<hr/>	<hr/>
Total Expenditures	\$ 15,000	\$ 22,220
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	\$ 41,500	\$ 35,545
	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers Out	0	(4,899)
	<hr/>	<hr/>
Net Change in Fund Balance	\$ 41,500	\$ 30,646
	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	153,143	162,360
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 194,643	\$ 193,006
	<hr/>	<hr/>

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

FIRE BUILDING FUND

BALANCE SHEET
MARCH 31, 2006

ASSETS

Cash	\$ 12,370
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LIABILITIES AND FUND BALANCE

LIABILITIES

Liabilities	\$ 0
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FUND BALANCE

Designated for Fire Buildings	12,370
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TOTAL LIABILITIES AND FUND BALANCE	\$ 12,370
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CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

FIRE BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Charges for Services	\$ 1,000	\$ 1,398
Interest and Rents		
Interest Earnings	<u>50</u>	<u>57</u>
Total Revenues	\$ 1,050	\$ 1,455
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,050	\$ 1,455
<u>OTHER FINANCING SOURCES</u>		
Transfers In	<u>482</u>	<u>482</u>
Net Change in Fund Balance	\$ 1,532	\$ 1,937
<u>FUND BALANCE</u> - Beginning of Year	<u>11,427</u>	<u>10,433</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 12,959</u>	<u>\$ 12,370</u>

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

PUBLIC IMPROVEMENT FUND

BALANCE SHEET
MARCH 31, 2006

ASSETS

Cash	\$ 83,720
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LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
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FUND BALANCE

Unreserved

Designated for Public Improvement	83,720
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TOTAL LIABILITIES AND FUND BALANCE	\$ 83,720
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CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

PUBLIC IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Interest and Rents		
Interest Earnings	\$ 1,000	\$ 2,293
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues		
Over Expenditures	\$ 1,000	\$ 2,293
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	\$ 10,000	\$ 0
Transfers Out	(10,000)	(5,000)
Total Other Financing Sources (Uses)	\$ 0	\$ (5,000)
Net Change in Fund Balance	\$ 1,000	\$ (2,707)
<u>FUND BALANCE</u> - Beginning of Year	<u>87,041</u>	<u>86,427</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 88,041</u>	<u>\$ 83,720</u>

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

BUILDING DEPARTMENT FUND

BALANCE SHEET
MARCH 31, 2006

ASSETS

Cash	\$ 1,645
Due from Other Funds	<u>39</u>
TOTAL ASSETS	<u><u>\$ 1,684</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 518
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FUND BALANCE

Reserved for Building Inspections	<u>1,166</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 1,684</u></u>
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CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

BUILDING DEPARTMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Charges for Services		
Permits	\$ 31,000	\$ 18,896
Interest and Rents		
Interest Earnings	100	29
	<hr/>	<hr/>
Total Revenues	\$ 31,100	\$ 18,925
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Public Safety		
Building Inspection Department		
Zoning Administrator		
Personal Services		
Salaries and Wages	\$ 10,000	\$ 0
Secretary		
Personal Services		
Salaries and Wages	7,500	0
Other Services and Charges		
Contracted Services	14,400	26,698
	<hr/>	<hr/>
Total Expenditures	\$ 31,900	\$ 26,698
	<hr/>	<hr/>
Excess (Deficiency) of Revenues		
Over Expenditures	\$ (800)	\$ (7,773)
	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	0	8,939
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ (800)	\$ 1,166
	<hr/>	<hr/>

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
MARCH 31, 2006

ASSETS

	Balance			Balance
	April 1, 2005	Additions	Reductions	March 31, 2006
Cash	\$ 1,028	\$ 1,867,848	\$ (1,867,851)	\$ 1,025

LIABILITIES

Due to Other Funds	\$ 1,028	\$ 131,227	\$ (131,230)	\$ 1,025
Due to Other Governments	0	1,727,154	(1,727,154)	0
Due to Other Organizations and Individuals	0	9,467	(9,467)	0
TOTAL LIABILITIES	\$ 1,028	\$ 1,867,848	\$ (1,867,851)	\$ 1,025

CASNOVIA TOWNSHIP, MUSKEGON COUNTY
CASNOVIA, MICHIGAN

STATEMENT OF 2005 PROPERTY TAX ROLL
MARCH 31, 2006

TAXES ASSESSED

County		\$	891,065	
Township				
Operating	\$	63,823		
Fire Equipment		56,952	120,775	
Schools				
Grant Public Schools	\$	327,413		
Kent City Community Schools		328,555		
Ravenna Public Schools		25,337	681,305	
Intermediate Schools				
Kent Intermediate	\$	125,297		
Newaygo County Intermediate		181,576		
Muskegon Area Intermediate		9,890	316,763	\$ 2,009,908

TAXES COLLECTED

County		\$	815,472	
Township				
Operating	\$	51,715		
Fire Equipment		56,952	108,667	
Schools				
Grant Public Schools	\$	295,898		
Kent City Community Schools		295,350		
Ravenna Public Schools		22,939	614,187	
Intermediate Schools				
Kent Intermediate	\$	114,215		
Newaygo County Intermediate		166,061		
Muskegon Area Intermediate		8,743	289,019	1,827,345

TAXES RETURNED DELINQUENT

County		\$	75,593	
Township				
Operating	\$	12,108		
Fire Equipment		0	12,108	
Schools				
Grant Public Schools	\$	31,515		
Kent City Community Schools		33,205		
Ravenna Public Schools		2,398	67,118	
Intermediate Schools				
Kent Intermediate	\$	11,082		
Newaygo County Intermediate		15,515		
Muskegon Area Intermediate		1,147	27,744	\$ 182,563

Baird, Cotter and Bishop, P.C.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

October 9, 2006

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Casnovia Township
Muskegon County
Casnovia, Michigan

During the course of our audit of the basic financial statements of Casnovia Township for the year ended March 31, 2006, we noted the following:

Reportable Condition in Internal Controls

In planning and performing our audit of the basic financial statements of Casnovia Township for the year ended March 31, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements.

Certain matters considered to be reportable conditions in internal controls were noted. We are issuing a separate letter (letter of reportable conditions) which addresses those items noted.

Act 621 (Uniform Budgeting and Accounting Act)

Expenditures exceeded appropriations in the General Fund, Community and Economic Development and in the Fire Equipment Fund. The Township should amend individual fund budgets prior to incurring expenditures in excess of budgeted amounts.

Cash Not Reconciled

Certain accounts within the Township were not reconciled to the bank and books during the year. The Michigan Department of Treasury Account Procedures Manual requires that this be done on a monthly basis, and that the Clerk and Treasurer reconcile to each other at least monthly.

We would like to thank the board for its continued confidence in our firm and to thank the township officers for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

M. WAYNE BEATTIE, C.P.A.
1902 - 1990

JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
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MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

October 9, 2006

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Casnovia Township
Muskegon County
Casnovia, Michigan

In planning and performing our audit of the basic financial statements of Casnovia Township, Muskegon County, Casnovia, Michigan for the year ended March 31, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the State make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. The Township has implemented all reasonable internal controls and when consideration is made of the cost of implementing additional controls versus the benefit to be derived by additional controls, the costs far outweigh the benefits.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is not a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.